



# Broadcasters balk at admission price

*Strike virtually kills upfront, clouds rights picture*

By Steve McClellan



here is no joy in the offices of Mudville rights-holders.

If not for the strike, the value of local television and radio rights for the Major League Baseball teams would almost certainly have surpassed last year's record \$375 million. But the strike has virtually killed the upfront selling season for local MLB ad time, forcing most rightsholders to go back to the teams to seek reductions in this year's scheduled rights payments.

As of last week, it was impossible to tell how far the value of local MLB rights would fall this year: In many cases conversations between teams and stations, as between players and owners, were ongoing without resolution.

The most contentious situation to date involves the New York Yankees, whose local rights up to this year have been the most valuable in the league. In the face of the Yankees' recalcitrance to consider any kind of relief—despite a moribund ad sales market for replacement baseball—radio rightsholder WABC(AM) filed a breach of contract suit against the

team last week.

Other rightsholders, including KTXH-TV Houston (Astros) and KTVT(TV) Fort Worth (Rangers) have drawn a line in the sand, having decided not to air games involving "replacement" players in the pre- and regular season. (It's all but certain that replacement players will start the regular season.) In those cases, teams last week were still mulling their options, including filing lawsuits or finding other stations to carry their games.

Other stations, including WLWT(TV) Cincinnati (Reds), have decided to bag some or all preseason replacement-player games, but have put off decisions about the regular season until it arrives.

In some cases, where high-priced TV rights are at stake—including Boston and Los Angeles—the teams and rightsholders continue to talk, with indications from both sides of probable settlements.

Some teams and their rightsholders already have come to terms, with amended agreements said to include reduced rights fees and agreements to carry replacement games as long as the strike lasts. Such teams include

the Kansas City Royals with KSMO-TV Kansas City and the Florida Marlins with WBFS-TV Miami.

In cases where the flagship stations share revenue in lieu of paying a rights fee, the stations and teams have greater incentive to work together to make the most of a challenging situation. For example, the New York Mets with WWOR-TV and the St. Louis Cardinals with KPLR-TV say they'll proceed with replacement ball.

In Seattle, KIRO-TV, which recently switched from being a CBS affiliate to an independent with a UPN affiliation, negotiated a new deal with the Mariners in the off-season, with the strike in progress. The three-year deal calls for the parties to monitor replacement game ratings and fan interest in attending replacement games, among other things, before making a "mutually agreeable decision" on how to proceed as the season progresses, says Sandy Zogg, general sales manager at KIRO-TV.

In Baltimore, where Group W's WJZ-TV has the rights, the value of replacement games has become a moot issue. Orioles majority owner Peter Angelos, a lawyer who has represented unions in his practice, has

vowed not to play games with replacement players. Adding an exclamation point, the city of Baltimore has prohibited any replacement games from being played at the City's Camden Yards stadium. WJZ-TV already had decided not to air any preseason games. "Advertisers weren't interested," says station General Manager Marcellus Alexander, who has a more clear-cut sales strategy than most, given the all-or-nothing stand taken by Angelos. Unlike most stations, Alexander doesn't have to worry about recalculating the value of spots in replacement games. "We are selling a full season with major league players. Otherwise, we will move those spots into other sports or programming with similar demos," he says.

As expected, ratings so far for replacement ball have been down, by as much as 75% compared with similar games with major leaguers a year ago, according to rep sources. But in some cases, the declines haven't been terrible. WWOR-TV New York's opening Mets telecast on March 4 was 17% off the comparable game a year ago, and was perceived as pretty good under the circumstances. In St. Louis, Max Lumis, general manager at KPLR(TV), reports that Cardinal games have been averaging a 3 rating, only 1 ratings point off last year's mark.

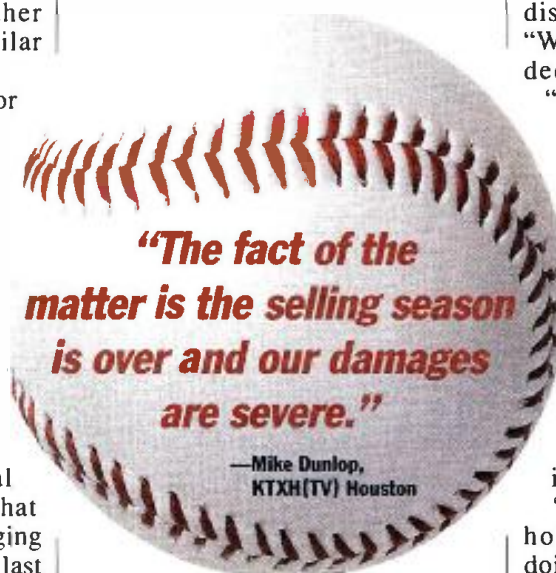
Drawing first blood in New York, WABC(AM) sued the Yankees last week for at least \$5 million, roughly equivalent to its annual payment to the Yankees under a rights deal that extends through the 1996 season. (The suit reports that the station pays the team both a rights fee and a share of the net profits the station derives from Yankee broadcasts.)

"The games played by replacement players are valueless to WABC because virtually no advertisers will pay to advertise on the broadcasts of such games," WABC said in its suit. The station described replacement ball as a "sham competition" and a breach of the team's contractual obligations to the station.

Although other lawsuits are expected between teams and rightsholders,

no others had been filed at deadline. In recent weeks, however, Yankees TV rightsholder MSG Network has publicly declared a position similar to that of WABC—that replacement games aren't what they contracted for.

MSG Network is scheduled under its long-running contract to pay roughly \$43.2 million this year for the local TV and cable rights. The Yankees, taking a hard-line approach to both its TV and radio rightsholders, essentially has said a deal's a deal and that the organization has no intention of offering its exhibitors relief from the existing pacts.



At KTXH, the Astros TV rightsholder, General Manager Mike Dunlop said the station's decision not to air replacement games came after the team refused to consider rights relief for the entire season. "The fact of the matter is the selling season is over and our damages are severe," amounting to \$3 million-\$4 million in lost revenue, he says. Astros officials did not return calls.

Another issue yet to be fully resolved is what constitutes a "replacement" team. By the time the regular season starts next week, it's possible that some players will decide to cross the picket lines if the strike hasn't been settled. Dunlop says his definition of the "real" Astros for 1995 is that it be composed of at least 75% of last year's

roster, factoring in retirements and trades.

The Texas Rangers TV rightsholder, KTVT(TV), flip-flopped on its decision to carry replacement games. Earlier, the station had cut a deal to carry a full slate of games, replacements or not. But two weeks ago, officials said, the station reversed itself and said it would not carry replacement games.

KTVT is scheduled to become a CBS affiliate this summer. Sources say that after the station made the initial decision to carry replacement games, managers there got a call from the network strongly urging them to reconsider to avoid minimal disruption of the network lineup. "We are very disappointed with their decision," said a team official. "We're exploring all options." Station executives did not return calls.

Meanwhile, several large- and small-market teams and their rightsholders continue to talk and expect to hammer out revised agreements. Executives at both the Boston Red Sox and WSBK-TV say they expect to make a deal that would allow the station to pay less than the \$17 million or so it initially agreed to pay this season.

"We're working with our rightsholder, and we're committed to doing something for them," says the Red Sox' Jim Healy. "We're both trying to get a grip on revenues and expenses. We'll come to some agreement, I just don't know when." Adds WSBK-TV General Manager Stu Tauber, "The team is very sensitive to our problems, and I'm optimistic we'll reach an agreement. We're planning on carrying replacement baseball."

Tribune-owned KTLA has deals to carry both the Dodgers and the Angels. Station manager John Reardon says talks are ongoing with both teams to work out revised agreements. "It's difficult for rightsholders because advertisers just aren't buying into the replacement games," says Reardon. "We're trying to work out a solution with the teams—they're partners and we want to keep the partnerships intact." ■



# '95 BASEBALL'S LOCAL LINEUP

BROADCAST TV						CABLE				RADIO			
Team	Flagship	# of reg. season games	# of stations in net.	Contract status yr./yrs.	1995 rights (in millions)	Regional network	# of reg. season games	Contract status yr./yrs.	1995 rights (in millions)	Flagship	# of stations in net.	Contract status yr./yrs.	1995 rights (in millions)
<b>NATIONAL LEAGUE EAST</b>													
Atlanta Braves	WTBS (TV) (ch.17)	122	0	NA	NA	SportsSouth	24	NA	NA	WSB(AM) (750 khz)	150	1/5	NA
<i>Team, WTBS and SportsSouth are owned by Turner Broadcasting System. WBS pays \$7 million for rights to Braves and Turner's Atlanta Hawks NBA team.</i>													
Florida Marlins	WBFS-TV (ch.33)	52	6	3/4	\$6.7	Sunshine Network	60	3/4	\$3.7	WQAM(AM) WCMQ(AM)	21 NA	3/4 3/4	\$2.2 NA
Montreal Expos	SRC(Fr.) TQS (Eng.)	32 20	15 15	1/4 1/4	NA	NO CABLE	—	—	—	CKAC (AM) CIQC (AM)	40 9	1/4 1/4	NA
<i>Team retains all TV and radio rights.</i>													
New York Mets	WWOR-TV (ch.9)	73	0	4/5	NA	SportsChannel New York	75	9/30	\$12.0	WFAN (AM) (660 khz)	20	5/5	\$5.5
<i>Team and WWOR-TV share revenues.</i>													
Philadelphia Phillies	WPHL-TV (ch.17)	81	2	3/5	NA	PRISM SportsChan./Phil.	43 25	NA	NA	WGMP (AM) (1210khz)	21	3/5	\$3.0
<i>Team and WPHL-TV share revenues.</i>													
<b>NATIONAL LEAGUE CENTRAL</b>													
Chicago Cubs	WGN-TV (ch.9)	140	NA	NA	NA	Chicagoland	9	NA	NA	WGN(AM) (720 khz)	53	NA	NA
<i>Team, WGN-AM-TV and Chicagoland are owned by Tribune.</i>													
Cincinnati Reds	WLWT (TV) (ch.5)	53	16	2/2	\$3.0-\$4.0	SportsChannel Cincinnati	35	3/3	\$2.0	WLW (AM) (700 khz)	70	NA	NA
Houston Astros	KTXH (TV) (ch.20)	63	16	10/10	\$4.0	Prime Sports	NA	NA	NA	KPRC (AM) (950 khz)	50	5/5	NA
<i>Sale of cable rights to Prime Sports in negotiation.</i>													
Pittsburgh Pirates	WPXI-TV (ch.11)	11	NA	1/1	NA	KBL Network	75	1/1	\$2.8	KDKA (AM) (1020 khz)	52	1/1	NA
<i>Team and WPXI share revenues. Team retains radio rights.</i>													
St. Louis Cardinals	KPLR-TV (ch.11)	60	20	1/2	NA	Prime Sports	40	2/3	NA	KMOX (AM) (1120khz)	120 (est.)	4/5	\$5.2
<i>Team owner Anheuser-Bush produces all games, splits revenues with KPLR-TV and Prime Sports; KMOX buys ad inventory.</i>													
<b>NATIONAL LEAGUE WEST</b>													
Colorado Rockies	KWGN-TV (ch.2)	90	8	3/5	NA	NO CABLE	—	—	—	KOA (AM) (850 khz)	60	3/5	\$3.8-4.0
<i>Team retains broadcast TV rights, sells radio rights.</i>													
Los Angeles Dodgers	KTLA (TV) (ch.5)	46	0	3/5	\$15.5	NO CABLE	—	—	—	KABC (AM) (790 khz)	31	3/5	\$3.3
San Diego Padres	KFMB-TV (ch.8)	23	NA	1/3	\$1.8	Prime Ticket	25	2/6	\$1.0	KFMB (AM) (760 khz)	NA	1/3	\$3.0
<i>Rights holder Midwest Television Inc., owner of KFMB-AM-TV; plans to buy time on KTTY(TV) to air additional 35 games.</i>													
San Francisco Giants	KTVU (TV) (ch.2)	58	6	1/6	\$5.5	SportsChannel Pacific	54	5/6	\$3.7	KNBR (AM) (680 khz)	16	1/4	\$4.5

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AMERICAN LEAGUE EAST													
Baltimore Orioles	WJZ-TV	35	9	2/3	\$6.5	Home Team Sports	79	2/3	\$3.75	WBAL(AM) (1090 khz)	NA	2/3	\$2.5
WJZ-TV buys time on WNUV-TV to air additional 35 games.													
Boston Red Sox	WSBK-TV (ch.38)	75	NA	5/6	\$17.2	New England Sports Network	75	11/16	\$6.0	American Radio System	NA	2/3	\$4.8
Radio rights holder American Radio System will air games on either WRKO(AM) or WEEI(AM).													
Detroit Tigers	WKBD-TV (ch.50)	60	5	1/5	NA	Pro Am Sports	70	NA	NA	WJR (AM) (760 khz)	35	5/5	\$4.0
Team retains broadcast TV rights, sells cable and radio rights.													
New York Yankees	WPIX-TV (ch.11)	50	0	2/3	NA	Madison Square Garden Network	97	7/12	\$43.2	WABC (AM) (770 khz)	20	9/10	\$5.0
MSG Network, which holds all TV rights,sublicenses 50 games to WPIX-TV.													
Toronto Blue Jays	Baytone CBC	35 25	20 39	4/5	\$9.0	The Sports Network	80	3/3	\$4.0	CJCL (AM) (590 khz)	48	5/6	\$1.6
AMERICAN LEAGUE CENTRAL													
Chicago White Sox	WGN-TV (ch.9)	50	0	1/3	NA	SportsChannel Chicago	99	12/17	NA	WMAQ (AM) (670 khz)	28	4/4	NA
Team and WGN-TV have revenue-sharing deal; team retains radio beer revenue.													
Cleveland Indians	WUAB(TV) (ch.43)	61	0	4/4	\$2.0	SportsChannel Ohio	60	3/3	NA	WKNR (AM) (1220 khz)	32	2/3	NA
Kansas City Royals	KSMO-TV (ch.62)	62	19	3/3	\$3.0	NO CABLE	—	—	—	WIBW (AM) (580 khz)	115	1/3	\$1.8
Milwaukee Brewers	WVTV(TV) (ch.18)	66	5	NA	NA	NO CABLE	—	—	—	WTMJ (AM) (620 khz)	48	4/4	NA
Team retains all rights													
Minnesota Twins	WCCO-TV (ch.4)	42	0	2/4	NA	Midwest SportsChannel	84	2/4	NA	WCCO (AM) (830 khz)	70	2/4	NA
Owner of WCCO-AM-TV and Midwest Sports pays \$4.5 million for all rights; subleases additional 8 games to KLGT-TV													
AMERICAN LEAGUE WEST													
California Angels	KTLA-TV (ch.5)	52	0	4/4	\$8.0	Prime Sports West	26	3/5	NA	KMPC (AM) (710 khz)	10	2/3	\$4.0
Oakland Athletics	KRON-TV (ch.4)	50	11	NA	\$5.3	SportsChannel Pacific	NA	NA	NA	KNEW (AM) (910 khz)	20	2/4	NA
Seattle Mariners	KIRO-TV (ch.7)	64	6	1/3	NA	Prime Sports Northwest	40	2/3	NA	KIRO (AM) (710 khz)	30	3/5	NA
Team retains all rights.													
Texas Rangers	KTVT (TV) (ch.11)	90	13	3/3	\$5.25	Prime Sports	57	1/1	\$2.5	KRLD (AM) (1080 khz)	51	1/5	\$3.0

NA = Not Available. Stations payments for rights could not be obtained in every case. And because of advertising uncertainties stemming from players' strike, revenue projections for teams that retain rights or are in revenue-sharing arrangements with stations are not included. For teams that retain rights, contract status refers to time-buying deals with stations.



# The Baseball Network stays in the game

*Has \$140 million in commitments if strike is settled*

By Steve McClellan

**D**espite the ongoing players strike, The Baseball Network (TBN)—the joint venture of Major League Baseball, NBC and ABC—has commitments totaling \$140 million for the 1995 season, contingent on a settlement of the strike.

The news is good and bad for TBN. The good news is that advertisers were pleased with last year's TBN results—both the production and the ratings of the games (an average 7.1 rating) that aired before the strike hit in August—as well as the way TBN dealt with advertisers after the strike was called.

New York-based media buyer Paul Schulman credits TBN with building good relationships with advertisers, especially by letting them out of commitments last year when the strike hit. "If they hadn't developed that credibility, they'd be in a dreadful situation this year," he says.

The bad news is that a settlement does not appear imminent. A month ago it would have been unthinkable that a settlement wouldn't be reached

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—Ken Schanzer

by July 11, the scheduled air date for the All-Star Game, when TBN begins its second season.

TBN appears to be a concept that has worked, but the strike has triggered an out clause in the initial six-year agreement that will let team owners decide whether to go beyond a second year, since ad sales for the first two years won't total \$330 million.

Meanwhile, NBC confirmed last week that it will carry whatever games TBN has to offer this season when its six-week rotation begins on Aug. 25. ABC, which is sched-



uled to carry six prime time games starting July 15, has not yet decided what it will do, a spokesman said last week.

Because of last year's strike, TBN had to return all but about \$25 million or \$30 million of last year's advertising commitments—which sources say would have reached \$200 million if the season had been completed.

Not unexpectedly, TBN had no money to disperse to local teams. Both this year and last, teams projected getting roughly \$5.5 million each from TBN's ad sales effort. By comparison, they each got \$14.7 million from the final year of the CBS rights deal in 1993.

At TBN, Ken Schanzer, the venture's president, acknowledges that the strike has had an impact. "You can't deny that," he says. "But the market is relatively positive about us because last year we proved that we could deliver what we promised."

Meanwhile, Schanzer says, TBN is focused on doing "exactly what we did last year, only better." What does that mean? Basically, it means providing more information in each of 11 simultaneous regional games about those contests the viewers aren't watching.

And if the strike is still on in July? Schanzer says that, for now, TBN is operating on the assumption it will be settled. "If a new set of realities is thrust upon us, we'll adapt accordingly." ■

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